

1 AN ACT in relation to public aid.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Illinois Public Aid Code is amended by  
5 changing Section 5-5.4 as follows:

6 (305 ILCS 5/5-5.4) (from Ch. 23, par. 5-5.4)

7 Sec. 5-5.4. Standards of Payment - Department of Public  
8 Aid. The Department of Public Aid shall develop standards of  
9 payment of skilled nursing and intermediate care services in  
10 facilities providing such services under this Article which:

11 (1) Provide for the determination of a facility's  
12 payment for skilled nursing and intermediate care services on  
13 a prospective basis. The amount of the payment rate for all  
14 nursing facilities certified under the medical assistance  
15 program shall be prospectively established annually on the  
16 basis of historical, financial, and statistical data  
17 reflecting actual costs from prior years, which shall be  
18 applied to the current rate year and updated for inflation,  
19 except that the capital cost element for newly constructed  
20 facilities shall be based upon projected budgets. The  
21 annually established payment rate shall take effect on July 1  
22 in 1984 and subsequent years. No rate increase and no update  
23 for inflation shall be provided on or after July 1, 1994 and  
24 before July 1, 2003, unless specifically provided for in this  
25 Section.

26 For facilities licensed by the Department of Public  
27 Health under the Nursing Home Care Act as Intermediate Care  
28 for the Developmentally Disabled facilities or Long Term Care  
29 for Under Age 22 facilities, the rates taking effect on July  
30 1, 1998 shall include an increase of 3%. For facilities  
31 licensed by the Department of Public Health under the Nursing

1 Home Care Act as Skilled Nursing facilities or Intermediate  
2 Care facilities, the rates taking effect on July 1, 1998  
3 shall include an increase of 3% plus \$1.10 per resident-day,  
4 as defined by the Department.

5 For facilities licensed by the Department of Public  
6 Health under the Nursing Home Care Act as Intermediate Care  
7 for the Developmentally Disabled facilities or Long Term Care  
8 for Under Age 22 facilities, the rates taking effect on July  
9 1, 1999 shall include an increase of 1.6% plus \$3.00 per  
10 resident-day, as defined by the Department. For facilities  
11 licensed by the Department of Public Health under the Nursing  
12 Home Care Act as Skilled Nursing facilities or Intermediate  
13 Care facilities, the rates taking effect on July 1, 1999  
14 shall include an increase of 1.6% and, for services provided  
15 on or after October 1, 1999, shall be increased by \$4.00 per  
16 resident-day, as defined by the Department.

17 For facilities licensed by the Department of Public  
18 Health under the Nursing Home Care Act as Intermediate Care  
19 for the Developmentally Disabled facilities or Long Term Care  
20 for Under Age 22 facilities, the rates taking effect on July  
21 1, 2000 shall include an increase of 2.5% per resident-day,  
22 as defined by the Department. For facilities licensed by the  
23 Department of Public Health under the Nursing Home Care Act  
24 as Skilled Nursing facilities or Intermediate Care  
25 facilities, the rates taking effect on July 1, 2000 shall  
26 include an increase of 2.5% per resident-day, as defined by  
27 the Department.

28 For facilities licensed by the Department of Public  
29 Health under the Nursing Home Care Act as skilled nursing  
30 facilities or intermediate care facilities, a new payment  
31 methodology must be implemented for the nursing component of  
32 the rate effective July 1, 2003. The Department of Public Aid  
33 shall develop the new payment methodology using the Minimum  
34 Data Set (MDS) as the instrument to collect information

1 concerning nursing home resident condition necessary to  
2 compute the rate. The Department of Public Aid shall develop  
3 the new payment methodology to meet the unique needs of  
4 Illinois nursing home residents while remaining subject to  
5 the appropriations provided by the General Assembly. A  
6 transition period from the payment methodology in effect on  
7 June 30, 2003 to the payment methodology in effect on July 1,  
8 2003 shall be provided for a period not exceeding 2 years  
9 after implementation of the new payment methodology as  
10 follows:

11 (A) For a facility that would receive a lower  
12 nursing component rate per patient day under the new  
13 system than the facility received effective on the date  
14 immediately preceding the date that the Department  
15 implements the new payment methodology, the nursing  
16 component rate per patient day for the facility shall be  
17 held at the level in effect on the date immediately  
18 preceding the date that the Department implements the new  
19 payment methodology until a higher nursing component rate  
20 of reimbursement is achieved by that facility.

21 (B) For a facility that would receive a higher  
22 nursing component rate per patient day under the payment  
23 methodology in effect on July 1, 2003 than the facility  
24 received effective on the date immediately preceding the  
25 date that the Department implements the new payment  
26 methodology, the nursing component rate per patient day  
27 for the facility shall be adjusted.

28 (C) Notwithstanding paragraphs (A) and (B), the  
29 nursing component rate per patient day for the facility  
30 shall be adjusted subject to appropriations provided by  
31 the General Assembly.

32 For facilities licensed by the Department of Public  
33 Health under the Nursing Home Care Act as Intermediate Care  
34 for the Developmentally Disabled facilities or Long Term Care

1 for Under Age 22 facilities, the rates taking effect on March  
2 1, 2001 shall include a statewide increase of 7.85%, as  
3 defined by the Department.

4 For facilities licensed by the Department of Public  
5 Health under the Nursing Home Care Act as Intermediate Care  
6 for the Developmentally Disabled facilities or Long Term Care  
7 for Under Age 22 facilities, the rates taking effect on April  
8 1, 2002 shall include a statewide increase of 2.0%, as  
9 defined by the Department. This increase terminates on July  
10 1, 2002; beginning July 1, 2002 these rates are reduced to  
11 the level of the rates in effect on March 31, 2002, as  
12 defined by the Department.

13 For facilities licensed by the Department of Public  
14 Health under the Nursing Home Care Act as skilled nursing  
15 facilities or intermediate care facilities, the rates taking  
16 effect on July 1, 2001, and each subsequent year thereafter,  
17 shall be computed using the most recent cost reports on file  
18 with the Department of Public Aid no later than April 1,  
19 2000, updated for inflation to January 1, 2001. For rates  
20 effective July 1, 2001 only, rates shall be the greater of  
21 the rate computed for July 1, 2001 or the rate effective on  
22 June 30, 2001.

23 Notwithstanding any other provision of this Section, for  
24 facilities licensed by the Department of Public Health under  
25 the Nursing Home Care Act as skilled nursing facilities or  
26 intermediate care facilities, the Illinois Department shall  
27 determine by rule the rates taking effect on July 1, 2002,  
28 which shall be 5.9% less than the rates in effect on June 30,  
29 2002.

30 On and after July 1, 2003, the appropriation for  
31 facilities licensed under 77 Ill. Adm. Code 300.Subpart T  
32 (Facilities Participating in Illinois Department of Public  
33 Aid's Demonstration Program for Providing Services to Persons  
34 with Mental Illness) shall be separate from the appropriation

1 for all other facilities licensed by the Department of Public  
2 Health under the Nursing Home Care Act as skilled nursing  
3 facilities or intermediate care facilities. The rates for a  
4 facility licensed under 77 Ill. Adm. Code 300.Subpart T shall  
5 be limited to no more than 7% of the facility's audited  
6 adjusted cost.

7 Rates established effective each July 1 shall govern  
8 payment for services rendered throughout that fiscal year,  
9 except that rates established on July 1, 1996 shall be  
10 increased by 6.8% for services provided on or after January  
11 1, 1997. Such rates will be based upon the rates calculated  
12 for the year beginning July 1, 1990, and for subsequent years  
13 thereafter until June 30, 2001 shall be based on the facility  
14 cost reports for the facility fiscal year ending at any point  
15 in time during the previous calendar year, updated to the  
16 midpoint of the rate year. The cost report shall be on file  
17 with the Department no later than April 1 of the current rate  
18 year. Should the cost report not be on file by April 1, the  
19 Department shall base the rate on the latest cost report  
20 filed by each skilled care facility and intermediate care  
21 facility, updated to the midpoint of the current rate year.  
22 In determining rates for services rendered on and after July  
23 1, 1985, fixed time shall not be computed at less than zero.  
24 The Department shall not make any alterations of regulations  
25 which would reduce any component of the Medicaid rate to a  
26 level below what that component would have been utilizing in  
27 the rate effective on July 1, 1984.

28 (2) Shall take into account the actual costs incurred by  
29 facilities in providing services for recipients of skilled  
30 nursing and intermediate care services under the medical  
31 assistance program.

32 (3) Shall take into account the medical and  
33 psycho-social characteristics and needs of the patients.

34 (4) Shall take into account the actual costs incurred by

1 facilities in meeting licensing and certification standards  
2 imposed and prescribed by the State of Illinois, any of its  
3 political subdivisions or municipalities and by the U.S.  
4 Department of Health and Human Services pursuant to Title XIX  
5 of the Social Security Act.

6 The Department of Public Aid shall develop precise  
7 standards for payments to reimburse nursing facilities for  
8 any utilization of appropriate rehabilitative personnel for  
9 the provision of rehabilitative services which is authorized  
10 by federal regulations, including reimbursement for services  
11 provided by qualified therapists or qualified assistants, and  
12 which is in accordance with accepted professional practices.  
13 Reimbursement also may be made for utilization of other  
14 supportive personnel under appropriate supervision.

15 (Source: P.A. 91-24, eff. 7-1-99; 91-712, eff. 7-1-00; 92-10,  
16 eff. 6-11-01; 92-31, eff. 6-28-01; 92-597, eff. 6-28-02;  
17 92-651, eff. 7-11-02; 92-848, eff. 1-1-03; revised 9-20-02.)

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.